

January 23, 2009

Maine Milk Commission Meeting Minutes  
Deering Building, Room 233  
Augusta, Maine 04333

Notices for the January 23, 2009 meeting were distributed to Commission members, intervenors and other interested parties December 19, 2008 and sent to the Secretary of State's Office for posting on December 22, 2008.

**Commission Present:** Colon Durrell, Richard Cook, Mark Hedrich, *ex-officio* and Chair Michael Wiers

**Commission Absent:** John Joseph, Jr.

**Department Officials:** None

**Staff Present:** Tim Drake, Acting Executive Director, and Carol Gauthier, Office Associate and Audrey Shorty, Resource Administrator.

**Legal Counsel:** Amy Mills

**Intervenors Present:** John Blake, H.P. Hood, Inc., Thomas Brigham and Jim Lesser, Oakhurst Dairy, John Economy, Garelick Farms of Maine, Shelley Doak, Maine Grocers Association, Julie Marie Bickford of MDIA, Dale Cole, President of the Maine Dairy Industry Association (MDIA) and Marc Lessard of Hannaford's.

**Others Present:** Fred Hardy from MDIA; Chuck Farrand dairy farmer; Barney Wright, dairy farmer, Lisa Bragg, Dr. George Criner and Amy Cook from the University of Maine, Chad Arms and Ruby Hardy public attendees.

Chair Michael Wiers called the meeting to order at 1:40 pm.

**Agenda Item 1: Minutes:** Richard Cook made a motion to accept the minutes of the December 19, 2008 meeting. Mark Hedrich seconded. Motion passed 3-0.

**Agenda Item 2: Amy Mills, Assistant Attorney General:** No report.

**Agenda Item 3: Minimum Prices:**

Tim Drake reported that there is a prevailing premium of \$1.10/cwt on Class I for February 2009 reported by Dairy Marketing Services (DMS) and Agri-Mark Cooperative. In addition to this premium, both Agri-Mark and DMS reported that an additional \$0.43/cwt for milk that comes from producers who do not treat their cows with the rBST hormone will be in affect. Federal Order One Class I price for February is \$13.97. He explained that a schedule was prepared using this information plus a producer cost of production adjustment (COPA) of \$1.35/cwt. He stated that this price schedule was for information purposes and that the Commission was not bound to it, and should make their pricing determination after hearing testimony.

Dale Cole stated that the Class I price drop of \$5.02 in a month is proof of a failed pricing structure and that this means big problems for Maine's dairy industry.

Julie-Marie Bickford said that in addition to a \$5.02 drop in Class I there was also a negative ppd for December which takes money directly from a farmer's pocket.

Colon Durrell asked what could be done by the Commission and still avoid milk coming into Maine from outside suppliers.

Tom Brigham stated that these are difficult times for all segments of the dairy industry. He also noted that the retail minimum will not go down because of the increased handling fee. Mr. Brigham then asked that any changes made to the producer margin be temporary and only corresponding to a \$.03 increase in the minimum retail price which would be a \$.33 increase in the producer margin.

Julie-Marie Bickford said that the dairy producers acknowledge that times are difficult for all and thought that half of that would be acceptable.

Colon Durrell asked the processors what would happen to them if their milk supply was not available to them.

John Blake stated that he believed that fluid milk supply would be adequate as there would be a subtraction of milk supply for other products as fluid milk was the highest valued product.

Tom Brigham said that the federal MILC program and the State of Maine's "tier program" would help the dairy farmers survive and provide an adequate milk supply for the processors.

Dale Cole stated that the milk pricing structure will straighten out but how or when no one knows. He said that he appreciated that the processors were supportive of the producers.

Colon Durrell moved that the schedule #02-09 be accepted with a producer margin of \$1.52.

Richard Cook seconded this motion.

John Blake wanted to know if that would affect the handling fee.

Tim Drake stated that it would not as the handling fee was based on the Class I price.

The motion passed 3-0.

**Agenda Item 4: Maine Monthly Price Survey:** The Commission reviewed the Maine price survey for January 2009 which included prices for Augusta, Bangor/Brewer, Auburn and Brunswick. Tim Drake commented that the milk prices at the Wal-Marts in Brewer and Palmyra had lowered their prices.

**Agenda Item 5: Next Scheduled Meetings:**

- February 20, 2009, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- March 20, 2009, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME

- April 17, 2009, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME
- May 22, 2009, Friday 1:30 p.m.  
Room 233, Department of Agriculture, Food & Rural Resources, Augusta ME

**Agenda Item 6: Other:**

1. **Milk Commission Budget:** The Commission reviewed the latest budget summary.
2. **Cost of Production Study:** Lisa Bragg presented a power point presentation on the Maine Dairy Cost of Production study. She also handed out printed copies of the study along with a summary of financial data collected during the study. John Blake asked why there was a difference between the Maine numbers and the National Dairy Farm Summary. Lisa answered that Maine's labor and other inputs were higher. Tom Brigham noted that average production per cow were declining and wondered if the tier program was encouraging inefficient farms. Julie-Marie Bickford explained that Maine farms are no longer using rBST which has caused a decline in per cow production, also more farms have converted to organic which also has been a factor in a decline in production. These factors were not prevalent during the last study. Colon Durrell wondered if Maine farms were economizing and reducing inputs. Lisa Bragg said that she believed that rBST was being used for the NDFS data. Lisa Bragg and Dr. Criner will double check the rolling herd averages for each farm type.
3. **Milk Promotions:** Before discussion started on the Oakhurst matter Amy Mills informed everyone present that this would not be a hearing and that no testimony would be taken today. Tim Drake then gave a chronological narrative starting in December 2007 through today. Amy Mills then listed the options available to the Commission for dealing with this issue. Colon Durrell stated that he believed there were three separate violations. Chairman Wiers stated that there were a possible three violations listed and hoped that staff could resolve the matter in discussions with Oakhurst about a Consent Agreement. The Commission then directed the Executive Director and Assistant Attorney General to enter into negotiations with Oakhurst relative to a Consent Agreement.
4. **Dealer Cost and Accounting System:** Dr. Criner stated that he thought that he could address this by early summer.

**Agenda Item 7: Executive Session:** The Commission did not go into Executive Session.

**Adjourned:** Recessed at 3:25 pm January 23

Tim Drake, Maine Milk Commission